

Quota Review Committee Meeting Notes

July 13, 2007
Sacramento, California

MEMBERS PRESENT

Ann Silva - Chair
Domenic Carinalli
Ben Curti
Frank Faria
Frank Konyn, Jr.
Steve Maddox
Brad Scott
Pete Vander Poel
Ray Veldhuis
Dennis Leondardi
Richard Shehadey

DEPARTMENTAL STAFF PRESENT

George Gomes, Undersecretary
Kelly Krug, Director
John Lee
Dave Ikari
Donald Shippelhoute
Candace Gates
Steven Donaldson
Nancy Hartman
Marie R. Caron-Lyles

Jim Morgan, Strategy Dynamics

PUBLIC GUESTS IN ATTENDANCE

Lynda Carinalli
Jack Pinheiro
Skip Barwick
Jamie Bledsoe
Doug Maddox
Margo Souza
Tiffany LaMendola

Glenn Gleason
Bill Van Dam
Jim Gruebele
Francis Pacheco
Mike Griffin
Neil McIsaac
Ana Borba

Opening: The Chair, Ann Silva, opened the meeting at 10:00 a.m. thanking the Quota Review Committee (QRC) for their continued efforts. Ms. Silva began the meeting with refreshing everyone with the purpose and then summarized the previous meeting where options #1 and #2 were studied. The goal of this meeting was to continue studying option #3. The options are as follows:

- Option #1: Should the existing quota system continue without change?
- Option #2: Should the quota system be modified?
- Option #3: Should quota be retired?

As with the previous meeting Ms. Silva indicated that the facilitation portion of the meeting was QRC members input only. However, members of the public would be allowed to make comments for a period of time no longer than three minutes at the end.

Facilitation: Ms. Silva then turned the meeting over to facilitator Jim Morgan, who briefly discussed the facilitation process and the material that was updated in the meeting packet. Mr. Morgan also thanked the members and CDFA staff for their hard work.

Review of QRC Goal: Mr. Morgan started the meeting with revisiting the QRC Goal (See Page 3 of the 07/13/07 Packet). As stated at the last meeting, this goal was set for mid-August with the members in consensus agreement. It was also agreed that this goal does not include follow-up for statewide presentation to Producers for broad industry input and discussion. And part of the recommendation will include suggestions on obtaining industry input and connecting with the California legislature and Dairy Industry advocates.

Informal Comments: At the last meeting the QRC reviewed and discussed the informal comments on page 4 of the 07/13/07 packet. Various industry statements were clarified or expanded upon and Mr. Morgan stated the changes have been reflected.

Homework Assignments: At the last meeting, individual members were assigned Sections 3.1 through 3.8 with details addressed for each assignment. Mr. Morgan relayed the committee was tasked with agreeing on conclusions for Sections 3.1 through 3.8. Following the format set from the last meeting, Mr. Morgan and members continued a lengthy and productive discussion reaching consensus conclusions for each section. The committee steadily worked through Section 4 also reaching consensus conclusions for each of those sections. These conclusions will be reflected in the next packet.

For the next meeting, each member has the assignment of evaluating and commenting on work efforts to date. In addition, members were asked to evaluate and make comments for Section 5 (Option 2 Modifying Quota) and Section 6 (Option 3 Retiring Quota).

Visitor Comments: Following the conclusion of Section 3 and Section 4 the facilitator opened the floor to industry comments and questions.

Regarding the Quota Unchanged – Negative Factor Section. One visitor relayed it would appear that the overbase producers would not necessarily lose the full \$1.70 since the blend price would be higher than the overbase. Another visitor suggested removing the parenthetical reference in Section 4.7 referencing the Milk Regulatory Equity Act of 2006, it may confuse the issue.

A visitor made a comment that the Industry may support the 100% buy out since it may seem fair but not the 110% as this may seem greedy and the buy out may have the risk of losing the pool. Another visitor suggested when looking at the effect of eliminating the pool – look at another committee to see what other type of pool and program could be implemented.

Goal Timeline and Next Meetings: The goal of finishing section 1 through 4 was met and each member was asked to focus their assessments in evaluating Section 5 and Section 6 before the next meeting.

At the close of the meeting, QRC members were distributed travel claims.

The meeting adjourned at 3:15 p.m.

Original Signed By

John Lee, Chief
Milk Pooling Branch